

# Agenda

## Item #5



STATE OF MAINE  
COMMISSION ON GOVERNMENTAL ETHICS  
AND ELECTION PRACTICES  
135 STATE HOUSE STATION  
AUGUSTA, MAINE  
04333-0135

To: Commissioners  
From: Jonathan Wayne, Executive Director  
Date: July 18, 2011  
Re: Recommended Penalties for Rudolph T. St. Peter

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Rudolph T. St. Peter was a candidate for the Maine House of Representatives in 2010. His campaign was selected for an audit. The completion of the audit was delayed because the Commission's auditor, Vincent Dinan, had some difficulty obtaining expenditure documentation from the campaign.

**Overview of Campaign Activity**

The campaign received \$50 in seed money and \$4,628 in Maine Clean Election Act (MCEA) funds that the campaign was authorized to spend. It reported making 33 expenditures totaling \$4,817, although the results of the audit suggest that this total might be overstated slightly.

**Telephone Call with Candidate (No Written Response)**

On June 24, 2011, the Commission's auditor mailed a draft version of the audit report to the candidate. He did not respond to the draft audit report.

On July 8, 2011, the Commission staff mailed to the candidate the final audit report and the notice of recommended penalties. The candidate did not submit a written response to the recommended penalties.

On July 14, 2011, the candidate and his wife telephoned me. We discussed some of the specific findings in the report. The candidate said that he was a disabled veteran and could not afford to appear at the Commission meeting. I told him that I would take notes on what he told me and pass on his statements to you. A summary of the conversation follows.

- I explained to the candidate that any expenses incurred by MCEA candidates in qualifying to receive public campaign funds must be paid for with seed money, not with MCEA funds received after qualifying. (Finding No. 1 in the audit

report) So, the MCEA did not allow the campaign to use public campaign funds to reimburse the candidate for travel costs incurred in qualifying. The candidate said that either he never learned this restriction or he forgot it.

- I believe that the candidate said that local Republican activists bought gas cards for volunteers from C.N. Brown totaling \$200. (Finding No. 2) The activists did not get a receipt for the purchase, and the candidate did not know that he was supposed to ask them to keep a receipt.
- The candidate said that the campaign treasurer, Paula Michaud, made the purchase at Wal-Mart mentioned in Finding No. 2. According to the candidate, she did not obtain a receipt for the purchase.
- The unreported payment to Bob's for \$31.00 was a payment by his treasurer, Paula Michaud, for her gas in traveling for campaign purposes. (Finding No. 4)
- The candidate acknowledged that the campaign received a refund that offset an expenditure (Finding No. 4), but offered no explanation for why it was not reported. I agree with the Commission's auditor that the Commission needs to emphasize the need to report refunds in the Candidate Guidebook and possibly the Commission's Rules.
- I explained to the candidate that his mileage logs were required by the Commission Rules to include the destination of each campaign trip and the purpose of the travel. He conceded that his logs lacked that information and said that he understood that this was a violation. (Finding No. 5)
- He apologized that his campaign made mistakes, and that he would do better the next time he ran as an MCEA candidate. I suggested that if he runs in 2012 as an MCEA candidate we schedule a telephone meeting with the candidate and his treasurer to go over the key requirements of the program. He said he would like to do that.

### **Proportionality Review**

At your last meeting, the Commission staff promised to gather information concerning penalties previously assessed by the Commission in order to assure that penalties

assessed by the Commission are consistent. The Commission staff has restructured its penalty database, and is partway through the large project of entering information concerning past violations. I have prepared the attached interim chart concerning the particular violations listed in the audit report for the St. Peter campaign.

After conducting this partial review, the Commission staff continues to believe the recommended penalties are proportional and warranted. At the beginning of the audit, the expenditure documentation of the St. Peter campaign (vendor invoices, proof of payment, banks statements) was in disarray. At some point, the campaign's treasurer, Paula Michaud, stopped cooperating with auditor's requests for documents. The candidate's spouse assisted the campaign in obtaining documentation. The Commission staff made extenuated efforts to obtain the documentation including by contacting vendors directly. Even with these efforts, the campaign did not obtain vendor invoices or proof of payment for five expenditures.

With respect to the proposed penalty of \$100 for not keeping complete travel records, the Commission's auditor and I believe this is merited. This election year, the Commission staff is consistently being more insistent that MCEA candidates keep the travel records to reassure taxpayers that public campaign funds will not be spent for personal travel. If a candidate does not record the destination and purpose of campaign travel in the mileage log, the Commission's auditor has no basis for determining whether the use of public funds for the travel reimbursement was reasonable. (Two sample pages are attached.) Instead of disallowing all of the candidate's reimbursements for travel (which are significant), we recommend assessing a penalty of \$100.

With respect to not accurately reporting expenditures, we recommend a penalty of \$125, although this is not compelled by the Commissioners' past determinations. We recommend a penalty of \$125 because the audit found two instances in which the candidate did not report actual transactions (Finding No. 4) and an additional three instances in which the campaign reported expenditures which the auditor could not verify were actual payments (Finding No. 3). Thank you for your consideration of the recommended penalties.

## Expenditures Reported by 2010 Campaign of Rudolph T. St. Peter

Date	Payee	Type	Amount
4/21/2010	Store, K-Mart	Phone banks, automated telephone calls	\$13.20
4/20/2010	Deveau, Dan	Office rent, utilities, phone, and internet service, supplies	\$9.00
9/8/2010	St. Peter, Rudy	Travel (fuel, mileage, lodging, etc.)	\$162.80
9/8/2010	St. Peter, Rudy	Travel (fuel, mileage, lodging, etc.)	\$15.25
8/10/2010	C.N. Brown	Travel (fuel, mileage, lodging, etc.)	\$200.00
8/20/2010	St. Peter, Leora	Travel (fuel, mileage, lodging, etc.)	\$280.00
9/15/2010	Citadel	Radio ads, production costs	\$499.80
9/20/2010	Citadel	Radio ads, production costs	\$523.60
10/5/2010	St. Peter, Rudy	Travel (fuel, mileage, lodging, etc.)	\$101.20
10/19/2010	St. Peter, Rudy	Travel (fuel, mileage, lodging, etc.)	\$158.84
9/28/2010	Jeff's Pizza	Travel (fuel, mileage, lodging, etc.)	\$18.60
10/25/2010	Michaud, Paula	Office rent, utilities, phone, and internet service, supplies	\$75.00
11/8/2010	St. Peter, Rudy	Travel (fuel, mileage, lodging, etc.)	\$140.00
11/3/2010	St. Peter, Rudy	Other	\$69.07
11/16/2010	Unknown, Other	Other	\$85.00
10/27/2010	Unknown, Other	Other	\$128.04
7/9/2010	USPS	Postage for U.S. Mail	\$96.30
6/27/2010	K-Mart	Food for campaign events, volunteers	\$36.89
7/6/2010	Staples	Office rent, utilities, phone, and internet service, supplies	\$64.53
7/10/2010	Michaud, Paula	Campaign workers' salaries	\$85.00
6/29/2010	Tang's Palace	Travel (fuel, mileage, lodging, etc.)	\$37.35
6/29/2010	St. Peter, Rudy	Travel (fuel, mileage, lodging, etc.)	\$261.32
7/12/2010	St. Peter, Rudy	Travel (fuel, mileage, lodging, etc.)	\$118.80
8/20/2010	Bangor Letter Shop	Campaign literature (printing and graphics)	\$151.61
8/18/2010	Michaud, Paula	Food for campaign events, volunteers	\$101.70
8/12/2010	Wal Mart	Food for campaign events, volunteers	\$115.54
8/16/2010	Dow, Anita	Food for campaign events, volunteers	\$74.49
8/14/2010	Staples	Office rent, utilities, phone, and internet service, supplies	\$207.90
7/28/2010	Harland Clarke	Office rent, utilities, phone, and internet service, supplies	\$13.15
8/10/2010	Republican Party	Office rent, utilities, phone, and internet service, supplies	\$400.00
8/12/2010	Wal Mart	Office rent, utilities, phone, and internet service, supplies	\$40.07
7/28/2010	St. Peter, Rudy	Travel (fuel, mileage, lodging, etc.)	\$64.20
8/31/2010	St. Peter, Rudy	Travel (fuel, mileage, lodging, etc.)	\$469.00
<b>Total</b>			<b>\$4,817.25</b>

Candidate's Name:

Rudolph S. Peter

Copy sent to Paula Aug 31

**SAMPLE TRAVEL LOG for MCEA Candidates and their Campaign Staff**

Questions? Call 207-287-4179

Name of Person Traveling:  
(Requesting reimbursement)

Rudolph S. Peter

RECEIVED

MAY 16

Commission on Governmental Ethics and Election Practices

Mailing: 335 State House Station

Augusta, Maine 04333

Location: 45 Memorial Circle

Augusta, Maine

Address:

3736 Caribou RD Crosslake, ME

Maine Ethics Commission

Phone: 207-287-4179

Fax: 207-287-8775

Website: www.maine.gov/ethics

Date of Travel (Required)	Odometer Reading at Start (Suggested)	Odometer Reading at End (Suggested)	Number of Miles Traveled (Required)	Purpose and Destinations of Travel (Required)
1 Aug 2010			15	Campaigning
2 Aug 10			75	Campaigning
4 Aug 10			91	Campaigning
5 Aug 10			115	Campaigning
6 Aug 10			85	Campaigning
9 Aug 10			41	Campaigning
12 Aug 10			35	Campaigning
<b>HOW TO REPORT TRAVEL</b>			457	Number of miles this page
Report reimbursements on Schedule B of a campaign finance report. <u>The person receiving the reimbursement is the "Payee."</u>			609	Number of miles from attached pages
If the campaign pays for fuel, report the expenditure on Schedule B of the campaign finance report listing the gas station as the "Payee," and use this log for documentation, not reimbursement.			1066	Total miles traveled
Receipts for expenditures over \$50 and travel logs must be kept until December 2013 (3 years after the 42-Day Post-General Report)			\$469.00	Multiply by \$0.44 (per mile rate for 2010 elections) This is the maximum reimbursement amount based on mileage. The payments for fuel can not exceed this amount.

CH# 1125

Actual Amount of Reimbursement: \$

48

Date of Travel (Required)	Odometer Reading at Start (Suggested)	Odometer Reading at End (Suggested)	Number of Miles Traveled (Required)	Purpose of Travel (Required)
14 Aug 10			85	meet + greet
16 Aug 10			15	Campaigning
17 Aug 10			98	campaigning
18 Aug 10			63	Campaigning
23 Aug 10			115	Campaigning Republican meeting
25 Aug 10			78	Campaigning
26 Aug 10			44	campaigning
30 Aug 10			36	campaigning
31 Aug 10			75	campaigning
Total miles traveled this page			609	

Informal Comparison of Penalties Assessed Previously for Proposed St. Pierre Violations

Failure to accurately report expenditures (1125(12))

Candidate	Year	Office Sought	Penalty for this Violation	Total Penalties for Campaign Year	Notes by Commission Staff
Robert Bauer	2006	Representative	\$0	\$0	Campaign did not report one expenditure of \$72 for postage.
Thomas J. Bossie	2006	Representative	\$500	\$2,750	Candidate misused MCEA funds.
Glenn Cummings	2006	Representative	\$0	\$0	Campaign reported a single reimbursement which covered three purchases, and didn't itemize the three expenditures with separate dates, payees, and amounts.
Paul and Pamela Hatch	2006	Sen and Rep	approximately \$100 (see notes)	\$500	Commission assessed a combined penalty of \$500 (without breakdown) against Paul and Pamela Hatch (married) for violations in their two MCEA campaigns. The violations included not accurately reporting expenditures, not keeping required records, and commingling MCEA and personal funds.
Geoffrey Heckman	2006	Representative	\$200	\$200	Campaign falsely reported expenditures of \$200 in seed money which resulted in overpayment.
Pat LaMarche	2006	Governor	\$250	(plus repay \$1,717)	Commission assessed penalties of \$150 and \$100 for mistakes in reporting expenditures of seed money and MCEA funds.
Barbara Merrill	2006	Governor	\$500	\$1,500	Campaign did not report \$255 in seed money contributions, transactions fees for money orders, and payments to Phil Merrill and John Simpson totaling \$710 in seed money when the campaign was reimbursed by \$5 collected.
Chandler Woodcock	2006	Governor	\$100	\$100	Campaign did not report payments of transaction fees for money orders as expenditures or in-kind contributions.
David Hughes	2007	Representative	\$50	\$450	Campaign did not report expenditures of seed money accurately, resulting in overpayment of \$200 to campaign.
Dana Kadey	2008	Senate	\$0	\$500	Campaign purchased goods that could be converted to personal use, which were not disclosed on Schedule E.
Michael Lawson	2010	Representative	\$1,200	\$2,500	Campaign failed to accurately report large number of expenditures.
Joseph Palmieri	2010	Senate	\$750	\$1,750	Campaign inaccurately stated making 7 expenditures in seed money report which resulted in \$851 overpayment.
Joseph Wagner	2010	Representative	\$0	\$100	Campaign reported a single expenditure in two reports. (A separate \$100 penalty for commingling was suspended.)



### Failure to keep required records (1125(12-A))

Robert Bauer	2006	Representative		\$0	\$0	Campaign did not obtain one vendor invoice for sign materials (\$178.15).
John Churchill	2006	Representative		\$0	\$0	Campaign did not have complete documents relating to four purchases. The staff recommended no penalty because documents were lost in weather event.
Philip Cressey	2006	Representative		\$0	\$0	Campaign did not keep complete documentation of one payment of \$517 to Staples. Commission assessed a combined penalty of \$500 (without breakdown) against Paul and Pamela Hatch (married) for violations in their two MCEA campaigns. The violations included not accurately reporting expenditures, not keeping required records, and commingling MCEA and personal funds.
Paul and Pam Hatch	2006	Sen and Rep	approximately \$100 (see notes)		\$500 \$400	Commission assessed penalties of \$150 for not documenting \$28,735 in purchases by the campaign's media buyer.
Pat LaMarche	2006	Governor	\$150		(plus repay \$1,717)	
Earle McCormick	2006	Senator	\$0		\$0	Campaign did not keep vendor invoices for two payments to U.S. Postal Service. Campaign did not keep bank records of \$1,895 in seed money reportedly collected, proof that vendors received payments totaling \$2,333, and records relating to purchase of money orders used for MCEA qualification.
Barbara Merrill	2006	Governor	\$500		\$1,500	Did not keep vendor invoices for about \$110,000 in MCEA expenditures
Barbara Merrill	2006	Governor	\$500		\$1,500	Campaign did not keep vendor invoice or proof of payment for seven purchases totaling around \$500. Total penalties reflected that \$4,028 in MCEA funds was transferred by candidate's bank to candidate's personal account to cover personal purchases.
Joseph C. Perry	2006	Senator	\$100		\$950	
Michael Lawson	2010	Representative	\$1,000		\$2,500	Campaign failed to keep records for substantial expenditures.

### Using MCEA funds for goods or services received before certification

Peter Mills	2006	Governor	\$253		\$253 (plus repay \$996)	Campaign used \$722 in MCEA funds to reimburse the candidate for money order fees. Commission's penalty acknowledged that violation was unintentional.
Michael Lawson	2010	Representative	\$100		\$2,500	Candidate was also ordered to repay \$100 in MCEA funds for pre-certification expenditures, along with other MCEA funds.
Joseph Palmieri	2010	Senate	\$500		\$1,750	Candidate wrote 5 checks totaling \$367 to cover goods and services received prior to certification.

### Not keeping complete documentation of vehicle travel

Commission staff is being more strict with the mileage log requirement during the 2010 audits than in previous election years. The Commission has not previously assessed a similar penalty, although Michael Lawson was required to return some MCEA funds for not keeping a mileage log.



STATE OF MAINE  
COMMISSION ON GOVERNMENTAL ETHICS  
AND ELECTION PRACTICES  
135 STATE HOUSE STATION  
AUGUSTA, MAINE  
04333-0135

July 8, 2011

Mr. Rudolph T. St. Peter  
3736 Caribou Road  
Cross Lake Twp., Maine 04779

**NOTICE OF RECOMMENDED FINDINGS  
OF VIOLATION AND PENALTIES**

Dear Mr. St. Peter:

Thank you for the information and documents you provided as part of the audit of your 2010 campaign as a Maine Clean Election Act (MCEA) candidate. The final audit report is enclosed. The Commission staff did not receive any response from you to the draft version of the report by the deadline yesterday. This letter is intended to notify you of the findings of violation, civil penalties totaling \$350, and \$74.80 repayment of campaign funds that the Commission staff intends to recommend to the Commissioners at their next meeting and to explain your opportunity to respond.

**Your Opportunity to Respond to Staff Recommendations**

The members of the Maine Ethics Commission will meet at 9:00 a.m. on Thursday, July 28, 2011 at the Commission's office at 45 Memorial Circle in Augusta. At the meeting, the Commission staff intends to recommend the findings of violation, civil penalties, and repayment of campaign funds discussed below.

You are welcome to respond in writing to the enforcement actions recommended by the staff. If we receive a written response by Monday, July 18, we will include it in a packet of materials that I will mail to the Commissioners on July 19. If we receive a written response after July 18, I will forward it to the Commissioners by e-mail.

You are also welcome to respond by attending the Commission's July 28 meeting in person. The Commission staff recommends this, because the Commissioners could assess penalties that are higher than those recommended by the Commission staff.

### **Rationales for Recommended Findings of Violation, Civil Penalties, and Repayment**

This section of the notice is intended to summarize the findings in the final audit report and to explain the rationale for the civil penalties and repayment of campaign funds that are recommended by the Commission staff.

Use of MCEA funds for qualifying purposes. In order to qualify for MCEA funds, candidates must demonstrate a threshold of community support by meeting certain fundraising requirements. House candidates must collect at least 60 qualifying contributions of \$5 or more. Candidates are prohibited by statute from using MCEA funds to retroactively pay for goods or services purchased for purposes of qualifying for public funding.

As explained in Finding No. 1 of the final audit report, the campaign used \$74.80 in MCEA funds to reimburse you for travel you conducted on April 18, 19, and 20, 2010 to assist you in qualifying for MCEA funding. The Commission staff intends to recommend that the Commissioners direct you to repay \$74.80 to the Maine Clean Election Fund for this impermissible expenditure.

Failure to keep required expenditure documentation. MCEA campaigns are required by statute to keep a receipt or invoice stating the particular goods or services purchased, for each payment of more than \$50. This requirement is key to verifying that candidates have used public campaign funds for legitimate campaign purposes. Without this documentation, the State of Maine essentially would have to take the word of candidates that they have spent the money as reported, which is not sufficient to protect the integrity of the program. In addition, the campaign is required to keep a document such as a canceled check or a debit card statement that proves that the reported vendor actually received each payment of more than \$50 (referred to below as the "proof of payment").

As discussed in Findings No. 2 and 3, the campaign did not keep vendor invoices for purchases made at Walmart, C. N. Brown, and Tang's Palace. Also, the campaign kept no proof of payment or bank account statement relating to the purchase at Tang's Palace.

At the July 28 meeting, the Commission staff will recommend that you be found in violation of the requirement to keep required documentation of your campaign expenditures. We intend to recommend a civil penalty of \$125 for this violation.

Failure to accurately report expenditures. All legislative candidates are required by law to accurately disclose their campaign expenditures. The duty is especially important for MCEA candidates because they have financed their campaigns with public funds. The taxpayers of Maine and state administrators deserve to know exactly how public funds have been spent by political campaigns.

As discussed in Findings No. 3 and No. 4 of the final audit report, the campaign reported payments to you for travel in the amounts of \$64.20 and \$258.84 which did not, in fact, occur. Also, the

campaign did not report an actual payment to Bob's and a refund from Citadel Broadcasting that were discovered in the audit.

At the July 28 meeting, the Commission staff will recommend that the Commissioners assess a penalty of \$125 for not accurately reporting the campaign's expenditures.

#### Failure to Keep Complete Travel Records

If campaigns choose to use MCEA funds to reimburse the candidate or another person for vehicle travel, the Commission's Rules require the person being reimbursed to keep a log of their campaign travel that includes the destination, purpose, and date of the travel, and the number of miles traveled for each campaign trip reimbursed. (Chapter 3, Section 7(1)(C)) The reimbursement of MCEA funds cannot exceed \$0.44 for each mile of travel. This mileage log requirement is intended to avoid MCEA funds being used by candidates for personal travel.

The campaign maintained records of vehicle travel using a sample travel log format suggested by the Commission, but the campaign did not record on the form all of the required information. In particular, the logs completed by the campaign do not contain the destination of each campaign trip. Concerning the purpose of the travel, the campaign merely inserted "Campaigning," which arguably does not comply with the Commission's rule because it is a general description that could cover any campaign activity and provides little information as to the purpose of each campaign trip.

At the July 28 meeting, the Commission staff intends to recommend that the Commissioners assess a civil penalty of \$100 for not keeping complete records of vehicle travel reimbursed with MCEA funds.

#### **Specific Enforcement Actions Recommended by Commission Staff**

The Commission staff intends to recommend that the Commissioners take the following actions at their July 28 meeting. The Commission is authorized to assess civil penalties for violations of the MCEA and Commission rules pursuant to 21-A M.R.S.A. § 1127(1).

#### *Using MCEA funds to pay for pre-certification assistance with qualifying*

- #1A find that you violated 21-A M.R.S.A. § 1125(2-A)(A) by using \$74.80 in MCEA funds to pay for campaign travel that you conducted on April 18, 19, and 2010 prior to MCEA certification and that related directly to qualifying for MCEA funding, as discussed in Finding No. 1 of the final audit report;
- #1B direct you to repay \$74.80 to the Maine Clean Election Fund for this impermissible expenditure;
- #1C not assess a penalty against you for this violation;

Mr. Rudolph T. St. Peter  
Page 4  
July 8, 2011

*Failure to keep expenditure documents (vendor invoice, proof of payment, bank statement) required by law*

#2A find that you violated 21-A M.R.S.A. § 1125(12-A) by failing to keep campaign records required by law, including vendor invoices, proof of payment, and bank statement, as discussed in Findings No. 2 and 3 of the final audit report;

#2B assess a civil penalty of \$125 for this violation;

*Failure to accurately report expenditures of MCEA funds*

#3A find that you violated 21-A M.R.S.A. § 1125(12) by failing to accurately report expenditures of MCEA funds, as discussed in Findings No. 3 and 4 of the final audit report;

#3B assess a penalty of \$125 for this violation;

*Failure to keep complete documentation of campaign travel reimbursed with MCEA funds*

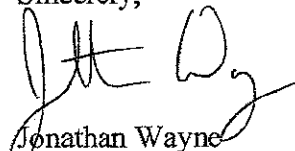
#4A find that you violated Chapter 3, Section 7(1)(C) of the Commission rules by failing to keep complete travel records, as discussed in Finding No. 5 of the final audit report;

#4B assess a penalty of \$100 for this violation.

In summary, the Commission staff recommends civil penalties totaling \$350 and a repayment of \$74.80 to the Maine Clean Election Fund for unallowable expenses.

Thank you for considering this notice of recommended findings of violation and penalties. Please call me at 287-4179 if you have any questions about the Commission's consideration of this matter.

Sincerely,

  
Jonathan Wayne  
Executive Director



STATE OF MAINE  
COMMISSION ON GOVERNMENTAL ETHICS  
AND ELECTION PRACTICES  
135 STATE HOUSE STATION  
AUGUSTA, MAINE  
04333-0135

July 8, 2011

Rudolph T. St. Peter  
3736 Caribou Road  
Cross Lake Twp., ME 04779

Subject: 2010 Campaign Audit – Final Audit report

Dear Mr. St. Peter:

Enclosed please find the final audit report prepared by the staff of the Commission on Governmental Ethics and Election Practices (Commission) based on our examination of your 2010 campaign contributions and expenditures.

The report will be presented to the members of the Commission at their meeting on July 28, 2011. Jonathan Wayne, the Commission's Executive Director, will contact you in advance of the meeting to offer you the opportunity to appear before the Commissioners to discuss the audit findings and recommendations.

Sincerely,

A handwritten signature in black ink, appearing to read "Vincent W. Dinan".

Vincent W. Dinan  
Commission Auditor

Enclosures

cc: Paula A. Michaud, Campaign Treasurer  
Jonathan Wayne



STATE OF MAINE  
COMMISSION ON GOVERNMENTAL ETHICS  
AND ELECTION PRACTICES  
135 STATE HOUSE STATION  
AUGUSTA, MAINE  
04333-0135

July 8, 2011

**Audit Report No. 2010-HR017**

**Candidate: Rudolph T. St. Peter  
House District 2**

**Background**

Rudolph T. St. Peter was a candidate for the Maine House of Representatives, District 2, in the 2010 general election. Mr. St. Peter was certified by the Commission as a Maine Clean Election Act (MCEA) candidate on May 4, 2010. MCEA candidates are required under the Act to submit reports of their contributions, expenditures, outstanding campaign debt, and equipment purchases and dispositions for specified periods during the election cycle.

**Audit Scope**

The auditor examined selected contributions made to the campaign, and certain expenditures made during the following reporting periods:

- Seed Money (11/05/2008 through 5/04/2010)
- 11-Day Pre-Primary (5/05/2010 through 5/25/2010)
- 42-Day Post-Primary (5/26/2010 through 7/13/2010)
- 42-Day Pre-General (7/14/2010 through 9/14/2010)
- 11-Day Pre-General (9/15/2010 through 10/19/2010)
- 42-Day Post-General (10/21/2010 through 12/7/2010)

The transactions examined were recorded in the campaign's accounting and banking records. The audit's purpose was to determine if the identified contributions and expenditures (1) were properly approved by the candidate or his authorized representative; (2) were adequately documented as evidenced by original vendor invoices and cancelled checks or other acceptable third party disbursement documentation; (3) were properly reported to the Commission; and (4) complied in all material respects with the requirements of the Maine Clean Election Act and the Commission's rules.

## Audit Findings and Recommendations

### **Finding No 1 – Use of MCEA Funds to Pay Qualifying Period Expenditures**

In the MCEA program, candidates must use seed money (exclusively) to pay for goods and services received during the qualifying period. Candidates are prohibited by statute from using MCEA funds to retroactively pay for goods or services received prior to “certification” (qualifying for public funds). The St. Peter campaign used MCEA funds to reimburse the candidate for mileage costs incurred prior to the candidate’s May 4, 2010 certification as an MCEA candidate. On June 29, 2010, the campaign reimbursed the candidate in the amount of \$261.32. A notation in the check register indicated the mileage costs reimbursed were incurred during the period 4/18/2010 through 6/2/2010. Mileage reported for April 18, 19 and 20 (all within the qualifying period) totaled 170 miles which at the state reimbursement rate of \$.44 per mile totals \$74.80. Accordingly, this portion of the reimbursement should have been paid with Seed Money instead of with MCEA funds.

Standard – 21-A M.R.S.A. § 1125(2-A)(A) states that “All goods and services received prior to certification must be paid for with seed money contributions ... B. It is a violation of this chapter for a participating candidate to use fund revenues received after certification to pay for goods and services received prior to certification.”

Recommendation – the Commission staff recommends that the Commission:

- find that Rudolph St. Peter violated 21-A M.R.S.A. § 1125(2-A)(A) by using MCEA funds to pay for the candidate’s travel prior to certification as an MCEA candidate; and
- direct the candidate to repay \$74.80 in campaign funds to the Commission, and assess no civil penalty for the violation under 21-A M.R.S.A. § 1127(1).

### **Finding No 2 – Undocumented Campaign Expenditures**

The St. Peter Campaign reported several expenditures that were partially or wholly undocumented. The exhibit to the report provides details of the transactions. Included were the following expenditures:

- A payment of \$115.54 to WalMart. The payment was documented but there was no vendor invoice on file to indicate the campaign materials purchased.
- A payment of \$200 to C. N. Brown, reportedly for gas cards provided to campaign workers. The payment was documented, but there was no vendor invoice on record to indicate the nature of the purchase, and the campaign did not provide vehicle mileage logs to support the expenditure.



Standard - 21-A M.R.S.A. §§1125(12-A)(B) & (C) states in part that " The treasurer shall obtain and keep ... A vendor invoice stating the particular goods or services purchased for every expenditure of \$50 or more ... A record proving that a vendor received payment for every expenditure of \$50 or more in the form of a cancelled check, receipt from the vendor or bank or credit card statement identifying the vendor as the payee; and ... A document such as an invoice, contract or timesheet that specifies in detail the services provided by a vendor who was paid \$500 or more for the election cycle for providing campaign staff or consulting services to a candidate." Commission Rules, Chapter Three, Section 7(1)(C) states that "A candidate or treasurer must obtain and keep a record of vehicle travel expenses for which reimbursements are made from campaign funds. Reimbursement must be based on the standard mileage rate prescribed for employees of the State of Maine for the year in which the election occurs. For each trip for which reimbursement is made, a record must be maintained showing the dates of travel, the number of miles traveled, the origination, destination and purpose of the travel, and the total amount claimed for reimbursement (emphasis added). A candidate may be reimbursed for vehicle travel expenses at a rate less than the standard mileage rate."

Recommendations – the Commission staff recommends that the Commission:

- find that Rudolph St. Peter violated 21-A M.R.S.A. § 1125(12-A) by failing to keep required invoices;
- find that find that Rudolph St. Peter violated Chapter 3, Section 7(1)(C) by using MCEA funds to reimburse campaign volunteers and not keeping required vehicle travel records that includes the dates of travel, number of miles traveled, and the destination and purpose of the travel;
- assess a penalty of \$125 for the violation(s) under 21-A M.R.S.A. § 1127(1). The recommended penalty would also apply in part to Finding No. 3, which is similar in nature to Finding No. 2.

### **Finding No 3 – Reported Expenditures with No Record of Disbursement**

The exhibit to this report lists three expenditures recorded in campaign finance reports for which there were no records of disbursement from the campaign bank account. The transactions were as follows:

- Rudy St. Peter, travel expense, \$64.20. No record of disbursement and no mileage log or other supporting document.
- Rudy St. Peter, travel expense, \$158.84. No payment documentation. The Eleven Day Pre-General campaign finance report indicates this was mileage reimbursement for the period 9/16/2010 through 10/18/2010. The audit disclosed, however, that the campaign reimbursed Mr. St. Peter for \$128.04 on 10/27/2010 based on a mileage log

with identical dates to the claim referred to above. Another mileage log we examined listed 361 miles also traveled in October, 2010, which might have supported a reimbursement ( $361 * \$0.44 = \$158.84$ ), but, as indicated, no disbursement was made.

- Tang's Palace, travel expense, \$37.35. No vendor invoice, cash receipt, or cancelled check. Candidate stated that the payment was for a luncheon meeting of the campaign staff; he said the bank was unable to provide an image of the check. This payment does not appear on the campaign bank statement.

Standard – 21-A M.R.S.A. §1125(12) states in part that “participating and certified candidates shall report ... all campaign expenditures, obligations and related activities to the commission according to procedures developed by the commission.” 21-A M.R.S.A. §1125 (12-A) (B) (C) states in part that “The treasurer shall obtain and keep ... A vendor invoice stating the particular goods or services purchased for every expenditure of \$50 or more ... A record proving that a vendor received payment for every expenditure of \$50 or more in the form of a cancelled check, receipt from the vendor or bank or credit card statement identifying the vendor as the payee; and ... A document such as an invoice, contract or timesheet that specifies in detail the services provided by a vendor who was paid \$500 or more for the election cycle for providing campaign staff or consulting services to a candidate.” 21-A M.R.S.A. § 1004-A(4) states that “A person that files a campaign finance report that substantially misreports contributions, expenditures or other campaign activity may be assessed a penalty not to exceed \$5,000.”

Recommendations – the Commission staff recommends that the Commission:

- find that Rudolph St. Peter violated 21-A M.R.S.A. § 1125(12) by inaccurately reporting expenditures;
- find that Rudolph St. Peter violated 21-A M.R.S.A. § 1125(12-A) by failing to keep required invoices and records; and
- apply the recommended penalty discussed in Finding No. Two across both findings under 21-A M.R.S.A. § 1127(1).

#### **Finding No. 4 – Unreported Campaign Receipts and Disbursements**

The exhibit to this report lists two transactions that should have been reported by the candidate to the Commission and were not.

- Citadel Broadcasting, a refund of \$28.90 for services paid for but not provided;
- A payment to “Bob’s” (share draft 111 from the campaign bank account) of \$31.00. This disbursement appeared in the campaign bank account but was not reported to the Commission.

Standard – 21-A M.R.S.A. §1125(12) states in part that “participating and certified candidates shall report ... all campaign expenditures, obligations and related activities to the commission according to procedures developed by the commission.”

Recommendations – the Commission staff recommends that the Commission:

- find that Rudolph St. Peter violated 21-A M.R.S.A. § 1125(12) by not disclosing the expenditure and the refund in campaign finance reports; and
- assess a penalty of \$125 under 21-A M.R.S.A. § 1127(1) for this violation, and consider this penalty as applicable in part to Finding No. 3 which shares similar characteristics.

### **Finding No. 5 – Incomplete Mileage Logs**

Commission rules permit candidates to reimburse themselves for vehicle travel costs incurred during the course of their campaigns. The reimbursement rate is \$.44 per mile, and reimbursement claims must be supported by a mileage log that records the number of miles traveled, the origin and destination of the travel, and which states the campaign purpose of the travel.

Mileage logs provided by the candidate did not, for the most part, indicate origin and destination of travel or any description of purpose beyond “campaigning”. Accordingly, the auditor could not determine the reasonableness of the mileage claims reimbursed by the campaign.

Standard – Commission Rules, Chapter Three, Section 7(1) (C) state that “A candidate or treasurer must obtain and keep a record of vehicle travel expenses for which reimbursements are made from campaign funds. Reimbursement must be based on the standard mileage rate prescribed for employees of the State of Maine for the year in which the election occurs. For each trip for which reimbursement is made, a record must be maintained showing the dates of travel, the number of miles traveled, the origination, destination and purpose of the travel, and the total amount claimed for reimbursement (emphasis added). A candidate may be reimbursed for vehicle travel expenses at a rate less than the standard mileage rate.”

Recommendations - the Commission staff recommends that the Commission:

- find that Rudolph St. Peter violated Chapter 3, Section 7(1)(C) by not keeping complete records of vehicle travel that stated the origination, destination, and purpose of campaign travel that was reimbursed with MCEA funds; and
- assess a penalty of \$100 for the violation under 21-A M.R.S.A. § 1127(1)

Candidate's Comments on the Report

Rudolph St. Peter elected not to respond in writing to the findings and recommendations contained in this report.

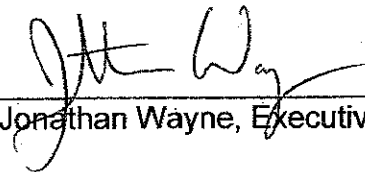
Respectfully submitted,



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Vincent W. Dinan, Auditor

Approved:



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Jonathan Wayne, Executive Director

2010 CAMPAIGN AUDIT							
CANDIDATE: RUDOLPH ST. PETER							
QUESTIONED COSTS							
	PAYEE	REPORT	DATE	AMOUNT	REPORTING AND DOCUMENTATION ISSUES		
Qualifying Expenditures Paid with MCEA Funds:							
Rudy St. Peter	42 DAY POST-PRIMARY		6/29/2010	\$74.80	Travel expenditure. Part of a disbursement of \$261.32 made to the candidate as reimbursement for mileage. Mileage log indicated that \$74.80 was attributable to mileage costs incurred in the candidate's Seed Money period, and were not eligible for reimbursement with MCEA funds.		
Partially or Wholly Undocumented Campaign Expenditures:							
WalMart	42 DAY PRE-GENERAL		8/12/2010	\$115.54	Payment is documented; however, there is no purchase documentation showing the campaign purpose of the expenditure.		
C. N. Brown	42 DAY PRE-GENERAL		8/10/2010	\$200.00	Travel expenditure. Candidate provided payment documentation but no vendor invoice. He noted that purchase was for gas cards for campaign workers. In addition to a vendor invoice, the Commission requires mileage logs for all mileage paid for or reimbursed by the candidate.		
Total				\$315.54			
Reported Expenditures Without Proof of Payment:							
Rudy St. Peter	42 DAY PRE-GENERAL		7/28/2010	\$64.20	Travel expenditure reported but no disbursement is on record in this amount, and none has cleared the bank account.		
Rudy St. Peter	ELEVEN DAY PRE-GENERAL		10/19/2010	\$158.84	Travel expenditure. No payment documentation. The Eleven Day report indicates this was mileage reimbursement for the period 9/18/2010 through 10/18/2010. However, this would duplicate the support for another payment in the amount of \$128.04 actually made to the candidate on 10/27/2010.		
Tang's Palace	42 DAY POST-PRIMARY		6/29/2010	\$37.35	Reported as a travel expenditure. No vendor invoice, cash receipt, or cancelled check. Candidate stated that the payment was for a luncheon meeting of the campaign staff; he said the bank was unable to provide an image of the check. This payment does not appear on the campaign bank statement.		
Total				\$260.39			

# EXHIBIT

2010 CAMPAIGN AUDIT				
CANDIDATE: RUDOLPH ST. PETER				
QUESTIONED COSTS				
PAYEE	REPORT	DATE	AMOUNT	REPORTING AND DOCUMENTATION ISSUES
Unreported Campaign Receipts and Disbursements:				
Citadel Broadcasting	UNREPORTED	9/22/2010	(\$25.00)	Payment refunded to the candidate by Citadel Broadcasting for services paid for but not provided. Candidate did not report the refund to the Commission or remit payment at the end of the campaign.
Share Draft 111 Paid to "Bob's"	UNREPORTED	9/24/2010	\$31.00	This disbursement appeared in the campaign bank account but was not reported to the Commission.